

Top hotels mired in hard times

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terms that have been decreed or otherwise it will have to be shut down or be sold, which is what a number of hotels have already had to do."

But Augier, who, like other owners of luxury hotels, has suffered a dearth of clients over the past five years, said she doesn't plan to give in so easily.

Government contributes

She's already lobbied local officials, who have said closing down the Negresco is unthinkable and that Nice without it is like Paris without the Eiffel Tower. As a result of her lobbying, local authorities have agreed to put up \$36,000 in subsidies to see that the work on the hotel gets started.

As to whether she'd be willing to sell, Augier said she's already received close to 120 offers from around the world, but that "nobody is rich enough

France has too many luxury hotels as it is, in the Nice region alone, 27 percent of all hotels have four stars or more."

These hotels are struggling at a time when travelers are increasingly staying at one- or two-star hotels, usually those run by Accor under its Formula 1 and Ibis banners.

Moreover, international chains have begun to seek out France's financially troubled luxury hotels more aggressively. They have, in some cases, been able to buy these hotels for a symbolic franc, if they promise to take over the establishment's existing debt.

For example, another Champs-Elysees landmark, The Meurice, was recently taken over by Kempinski. ITT-Shetate, which had operated the Rue de Rivoli landmark through its Ciga subsidiary since 1988, announced in February that it would not be renewing its lease.

The decision was taken as a result of economic considerations—that past winter, having been one of the worst in memory for France's luxury hotel sector. Moreover, Ciga, which put up \$76 million to acquire the Meurice, had in turn found another buyer for the financially strapped hotel. Ciga eventually sold it to Abes Fields for \$100 million.

But for Kempinski, as for many other international chains presently looking at the financially strapped French luxury

hotel market, the Meurice's problems came at an ideal moment.

Kempinski had long been

Some analysts say part of the problem is France has too many luxury hotels as it is.

to buy up my hotel and my memory."

Even if it is not the Negresco that closes this year, it will surely be another luxury hotel that will have to shut its doors or join a chain. Some analysts say part of the problem is

New York has replaced Paris as the principal destination of Japanese tourists.

looking to acquire a landmark at Paris to include it with its portfolio of other notable hotels such as the Bristol in Berlin and the Ciragan Palace in Istanbul.

Nobody knows yet what will happen in the Plaza Athenee, located near Dior on the Avenue Matignon, but Gerry Robinson, chairman of the Granada entertainment empire, has indicated that it will soon be offered for sale.

Too expensive to run

Granada recently acquired the hotel and others like it when it acquired Groupe Forte. Robinson said he wanted to dispose of the luxury hotels as soon as possible because they are expensive to operate and don't generate sufficient income to make them worthwhile.

Forté and Accor have already made inquiries about purchasing Granada's luxury properties.

At the time of Granada's acquisition of the Plaza Athenee from Forte, the hotel had announced a five-year renovation program to polish its image

and increase profitability.

The 230-room Plaza Athenee said it was able to generate \$40 million in profits last year and had a stable occupancy rate of 60 percent. The Plaza decided to reveal, however, how badly it was affected by last fall's terrorist attacks and last December's transportation strikes.

Meanwhile, according to statistics released by French tourism authorities, travelers who were expected to return to France seem to be returning.

though not in the proportions hoped for.

Japanese tourists, who have traditionally spent most heavily on luxury accommodations in France, are not expected to travel to Paris as much as in the past. This drop-off is being attributed to the government's decision to continue nuclear testing in the Pacific.

In a recent poll, many Japanese indicated that New York had replaced Paris as their most popular destination.

Holiday Inn touts new expansion plan

ATLANTA—Holiday Inn Worldwide, based here, announced that it plans to continue its record-setting pace for opening hotels throughout the world for 1996.

In 1995, the chain opened 234 hotels last year, bringing its worldwide total to 2,000.

Holiday Inn Express brand is to reach 500 properties by the end of this year. The region will also be a target for the expansion of Holiday's Crowne Plaza brand.

In Europe, Holiday Inn Worldwide is planning to expand its presence to 500 hotels by the end of the decade.

Last December, the company signed a cooperation agreement with Scandic Hotels AB for the conversion of all 17 Scandic hotels located outside the Nordic countries to the Holiday Inn brand and formation of a marketing alliance.

The conversion program for the 17 properties—10 in Germany, four in the United Kingdom, two in Austria and one in Belgium—were completed earlier this year.

In addition to the conversions, Holiday Inn Worldwide plans to open at least 10 other properties in Europe.



First pilot chef flies to Navy kitchens

More than 200—mostly Navy—officers in the U.S. Navy (far left), is the first graduate of Holiday Inn Hotel New Orleans' chef training program. Also pictured (from left) are Dennis Espinosa, program coordinator, Alfred Hoeschreit, R&B director and Navy Executive Officer Commander McFarland.

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